

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL NOTE**

**SB 1727 - HB 2142**

February 28, 2018

**SUMMARY OF BILL:** Prohibits governmental entities from entering into contracts with companies unless a written verification is provided that states the company does not and will not boycott Israel. Requires the Treasurer to prepare a list of companies that boycott Israel and update such list annually. Requires the Treasurer to divest or sell any funds invested or held by the Tennessee Consolidated Retirement System (TCRS) in a company that boycotts Israel. Authorizes the Treasurer to delay divestment in certain circumstances that may result in a loss in value.

**ESTIMATED FISCAL IMPACT:**

**Increase State Expenditures – Exceeds \$200,000/One-Time/TCRS  
Exceeds \$100,000/Recurring/TCRS**

**Other Fiscal Impact – In the event a company does boycott Israel and a governmental entity would have otherwise contracted with such company, there may be an increase in state or local expenditures associated with procurement of goods or services. Any such impact cannot be reasonably determined.**

**Assumptions:**

- Requiring companies to provide proof that they do not and will not boycott Israel will not significantly impact departmental operations; however, in the event a company does boycott Israel and a governmental entity would have otherwise contracted with such company, there may be an increase in state or local expenditures associated with procurement of goods or services.
- Any impact on investment income cannot be reasonably determined; however, the Treasurer is authorized to avoid potential losses; therefore, any fiscal impact on investment income is estimated to be not significant.
- All funds will be paid from Tennessee Consolidated Retirement administrative funds.
- Requiring the Treasurer to analyze and produce a list of companies that boycott Israel will require certain information to be purchased. Based on information provided by Treasury, the one-time increase in state expenditures to TCRS is estimated to exceed \$50,000.

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- Divestment of currently held assets will require various penalties and fees and additional consulting costs to be paid by Treasury that otherwise would not be paid if the investments were held. The precise impact cannot be determined, but the one-time increase in state expenditures to TCRS is reasonably estimated to exceed \$150,000.
- The total one-time increase in state expenditures is estimated to exceed \$200,000 to TCRS.
- TCRS will be required to continue tracking of such companies and investments.
- Additional personnel or contract consulting will be required on an annual basis in addition to divestment of assets from companies that may choose to boycott Israel. The recurring increase in state expenditures for TCRS is reasonably estimated to exceed \$100,000.

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in blue ink that reads "Krista M. Lee". The signature is written in a cursive, flowing style.

Krista M. Lee, Executive Director

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